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Oahu Farm Bureau  
2343 Rose St.  
Honolulu, Hawaii 96819  
June 1, 2011

Councilmember Nestor Garcia, Chair  
Honolulu City Council  
530 S. King St., Rm. 202  
Honolulu, Hawaii 96813

Dear Chair Garcia and Members of the City Council:

The East Oahu Farm Bureau supports the intent of Bill 44 CD1, "Relating to Real Property Taxation of Agricultural Lands." In principle, elimination of the one-year agricultural dedication will reduce the burden of reviewing annual applications on Tax Division personnel, allowing better enforcement of strengthened provisions requiring actual commercial farming on dedicated land. However, we have one concern about the language of Bill 44 CD1 as it is currently written, which if not amended may have a negative impact on leasehold farmers on Oahu.

Many farmers on Oahu operate under short-term leases, and landowners are often reluctant to grant long-term agricultural leases. The wording of Bill 44 CD1 seems to imply that, at a minimum, an applicant for agricultural dedication must keep the land in agriculture for five years, even if the current lease on the land is for less than five years. This restriction may discourage some landowners from applying for or renewing agricultural dedications. Since it is standard practice to pass on property taxes to the leaseholder, it is the farmer who will bear the burden of higher taxes if this situation occurs.

In discussions with the City Council's Agricultural Development Task Force, Tax Department personnel indicated that they were aware of this situation, and that dedication for a longer period than the actual lease would be permitted. However, Bill 44 CD1 does not state specifically that such dedication is allowed, and could be interpreted as forbidding such dedication. We therefore request that Bill 44 CD1 be amended with language specifically allowing five-year dedication for lands under short-term agricultural leases.

Thank you for the opportunity to testify.

Sincerely,



Frederick M. Mencher  
for Grant Hamachi, President